

Connecticut Marine Trades Association

20 Plains Road
Essex, CT 06426
(860) 767-2645

February 9, 2009

Re: **Raised Bill No. An Act Increasing Fees and Fines**
Raised Bill No. An Act Concerning Eliminating Exemptions From the
Sales and Use Tax and Lowering the Rate of Such Tax.

Chairmen Daily and Staples;

Distinguished members of the Finance, Revenue and Bonding Committee, the Connecticut Marine Trades Association represents the over 450 businesses in our state involved in the recreational marine industry. With almost 10,000 employees, this industry is struggling with the current economy as are many others but particularly so due to costly mandated infrastructure requirements. Ongoing sales tax disadvantages with Rhode Island have made competition difficult and expensive for Connecticut businesses and only recently the few tax exemptions received over the years, have started to make a difference.

We urge you to not support **Raised Bill No. 808 AA Increasing Fees and Fines** and **Raised Bill No. 6350 AAC Eliminating Exemptions from the Sales and Use Tax and Lowering the rate of such Tax** as they will unfairly impact our fragile industry. Business has been at a minimum for many months and the lack of both retail and wholesale credit on a national level has almost halted any potential sales. Inventory levels have remained high and the carrying costs are significant. There has been no trickledown effect from the banking bailout and currently there is no relief in sight or any anticipated.

Connecticut already has some of the highest boating registration fees in the country and combined with this states high fuel taxes and sales tax, many owners are leaving their boats on land, minimizing any potential repair or service business as well. This is a time when an industry needs help and assistance, not additional costs or increased fees. Of the 112,000 vessels registered in Connecticut over 75% of them are under 24' in length, most kept on trailers and owned by working people struggling with the same issues everyone else is.

It has taken years to get even near competitive with our neighboring states and we are not there yet. Increasing fees and removing the very few exemptions we have had like sales tax on labor will once again put us, in Connecticut, at a disadvantage. And at a time when we are the most vulnerable. Fuel prices curtailed boating significantly this past season and the return to \$2 per gallon pricing was too late in the fall to salvage the business. Now the pricing per gallon is starting to creep up again, raising fears that spring may see high fuel prices

again, once again encouraging boaters to leave their boats on land.

Marine facilities are currently being required by DEP to install complex systems to capture vessel bottom pressure wash water. Costing from \$15,000 to as much as \$100,000 or more, these systems present a required capital expense that most facilities can't imagine currently affording. Absent their construction these same facilities must suspend boat bottom washing in the fall impacting their abilities to reapply seasonal bottom paint later.

These same facilities are facing the current rewriting of the five year Stormwater Industrial Discharge Permit that will probably complete it's updating process in a year. At that time the facilities' costs to rewrite their permit, redo their Pollution Prevention Plan hiring an environmental professional, and potentially have their property surveyed to meet the new requirements will be significant, \$3,500-6,000. Adding to that, annual testing of their discharge waters to meet their permit requirements will increase their exposure by another few thousand, money they just do not have at this time.

Recreational marine businesses are not insulated from any of the other rising business expenses. Taxes, property taxes, insurance expenses, utilities and other unanticipated state mandated costs like sick and vacation leave and an increased minimum wage have had a large negative impact. Again at a time when few can afford them.

CMTA again urges you to not support **Raised Bill No. 808 AA Increasing Fees and Fines** and **Raised Bill No. 6350 AAC Eliminating Exemptions from the Sales and Use Tax and Lowering the rate of such Tax.** The impact of these two bills to our businesses would be too damaging. We would be very pleased to discuss these issues at any time. Thank you for your understanding.

Sincerely,



John S. Johnson
Legislative Chair



Grant W. Westerson
Executive Director

Linda A. Kowalski
The Kowalski Group